

16.702 Basic agreements.

(a) *Description.* A basic agreement is a written instrument of understanding, negotiated between an agency or *contracting activity* and a contractor, that (1) contains *contract clauses* applying to future contracts between the parties during its term and (2) contemplates separate future contracts that will incorporate by reference or attachment the required and applicable clauses agreed upon in the basic agreement. A basic agreement is not a contract.

(b) *Application.* A basic agreement *should* be used when a substantial number of separate contracts *may* be awarded to a contractor during a particular period and significant recurring negotiating problems have been experienced with the contractor. Basic agreements *may* be used with negotiated fixed-price or cost-reimbursement contracts.

(1) Basic agreements *shall* contain-

(i) Clauses required for negotiated contracts by statute, executive order, and this regulation; and

(ii) Other clauses prescribed in this regulation or agency *acquisition* regulations that the parties agree to include in each contract as applicable.

(2) Each basic agreement *shall* provide for discontinuing its future applicability upon 30 days' written notice by either party.

(3) Each basic agreement *shall* be reviewed annually before the anniversary of its effective date and revised as necessary to conform to the requirements of this regulation. Basic agreements *may* need to be revised before the annual review due to mandatory statutory requirements. A basic agreement *may* be changed only by modifying the agreement itself and not by a contract incorporating the agreement.

(4) Discontinuing or modifying a basic agreement *shall* not affect any prior contract incorporating the basic agreement.

(5) *Contracting officers* of one agency *should* obtain and use existing basic agreements of another agency to the maximum practical extent.

(c) *Limitations.* A basic agreement *shall* not-

(1) Cite appropriations or obligate funds;

(2) State or imply any agreement by the Government to place future contracts or orders with the contractor; or

(3) Be used in any manner to restrict competition.

(d) Contracts incorporating basic agreements.

(1) Each contract incorporating a basic agreement *shall* include a scope of work and price, delivery, and other appropriate terms that apply to the particular contract. The basic agreement *shall* be incorporated into the contract by specific reference (including reference to each amendment) or by

attachment.

(2) The *contracting officer shall* include clauses pertaining to subjects not covered by the basic agreement, but applicable to the contract being negotiated, in the same manner as if there were no basic agreement.

(3) If an existing contract is modified to effect new *acquisition*, the modification *shall* incorporate the most recent basic agreement, which *shall* apply only to work added by the modification, except that this action is not mandatory if the contract or modification includes all clauses required by statute, executive order, and this regulation as of the date of the modification. However, if it is in the Government's interest and the contractor agrees, the modification *may* incorporate the most recent basic agreement for application to the entire contract as of the date of the modification.

Parent topic: [Subpart 16.7 - Agreements](#)